



CITY OF RYE, NEW YORK
FINANCE COMMITTEE MEETING NOTES

March 8, 2004 – 7:30 p.m. – Employees' Lounge, City Hall

Present: Finance Committee Members Jono Peters (Chair), Michael Caponiti, Fred Dunn, Norm MacMaster, David M. Mullane, George Pratt, and Sal Samperi; City Council liaison Franklin Chu; and City Staff liaisons Michael Genito (Comptroller) and Mary Lou McClure (Deputy Comptroller).

Guests: Mr. George Ilse

Absent: None

Implementing a City Sales Tax and Opting Out of Countywide Sharing

After considering all of the information concerning the issue of implementing a City of Rye sales tax and opting out of the current County-wide sharing of sales tax, the Finance Committee decided that the City should continue its sharing arrangement with Westchester County for the following reasons:

1. New York State Department of Taxation and Finance does not maintain records of sales taxes collected in communities that do not have their own sales tax (such as Rye City). As such, they cannot provide the data needed to compare the current amounts received from the County with what is actually collected within the City of Rye.
2. There is no easy and inexpensive way to obtain reasonable estimates of sales taxes collected within the City of Rye. Businesses report their sales and taxes collected as "Westchester County", unless they are in one of the cities that have their own sales taxes. Sales tax information is privileged, and NYS Taxation and Finance will only release such information to the CFO of a city that has its own sales tax. Businesses are unlikely to volunteer sales information. Even if an estimate could be arrived at concerning local retailers, sales taxes on certain large ticket items such as cars and boats are remitted to the credit of the purchasers' place of residence, not the point of purchase, and it would be difficult to estimate sales tax collected on mail order or Internet sales. As a very recent example, the City of Saratoga Springs engaged KPMG to perform a study at the cost of \$25,000. The study concluded that opting out of their county sharing arrangement could have a fluctuation of minus \$184,550 to a positive \$161,738 on the approximate \$8 million remitted the previous year to the city by Saratoga County. Saratoga Springs decided to opt out of their sharing arrangement, and after the first full year their sales tax collections are approximately \$7 million, \$1 million less than the prior year and obviously well below KPMG's "worst case".
3. If the City of Rye decided to opt out and later decided it would be better to return to a sharing arrangement with Westchester County, the County (and others who remained in the sharing arrangement) may not want the City to come back into the sharing arrangement. Such was the case with Saratoga Springs, as evidenced by several articles in the local Saratoga area papers and per conversations with representatives from NYS Taxation and Finance.
4. There was general agreement among Finance Committee members that the sales taxes generated within the City of Rye would most likely be less than the amount the City

receives in the County sharing arrangement. For instance, there are several shopping centers with major retailers in other communities, while our local sales are limited to mostly our downtown business district and some other retailers.

The Finance Committee asked Michael Genito to prepare a memorandum from the Committee to the City Manager, for further distribution to the City Council, recommending that we remain in the County-wide sales tax sharing arrangement.

Implementing a City Occupancy Tax

The Finance Committee determined that each 1% of occupancy tax would result in \$40,000 to \$50,000 of additional revenue to the City, and asked Michael Genito to obtain a memo from the Corporation Counsel describing the steps needed to pursue the special legislation needed. The Finance Committee's goal is to develop and submit to the City Manager, for further distribution to the City Council, recommending the implementation of a City of Rye occupancy tax.

Parking Violation Fine Rates

The Finance Committee reviewed a comparison of City of Rye parking violations with those of 12 other communities, and asked Michael Genito to prepare a memo of recommendation to the City Manager, for further distribution to the City Council, an increase in the following two fines:

1. Increase parking in a fire zone from \$35 to \$100, and,
2. Increase parking in a handicapped zone from \$65 to \$130.

Before composing the memo, Michael Genito will seek input from the Police Commissioner, the Courts, and the Traffic Violations Bureau.

Overview of the City of Rye Finance Department

Michael Genito made a slide presentation, "An Introduction to the City of Rye Finance Department", noting that the presentation would be made available on the Finance Committee website.

The Finance Department as a research resource

Michael Genito noted that Finance Department resources are limited and asked that prior to asking for research, Finance Committee members consider only those items that would have a valuable purpose and goal. After the meeting, Norm MacMaster offered to assist the Finance Department in research.

Status Report on the Damiano Project

Michael Genito reported that the City Council had resolved not to go forward with the original \$2.9 million Damiano Center Project, but had resolved to go forward with a project to increase space for senior citizens, either at the Damiano Center or the MacDonald Building. Franklin Chu noted that costs of as much as \$1 million were mentioned but there was no definitive amounts established at this time. Franklin noted that the Recreation Commission was to redevelop a plan for improved senior space and submit it to the City Council, but at this time there is no deadline on when that plan is to be submitted.

Sal Samperi asked what plans we had for the bond proceeds, now that we were not going forward with the original project. Michael Genito advised that the City Council must first decide what the revised project will look like and how much funding would be needed to complete that revised project. Bond proceeds not spent on the project can only be spent for recreation buildings or to pay down the outstanding debt. The bonds have a call provision that does not become effective until 2011. The City will have to determine the best way to invest unspent proceeds so as to earn enough interest to meet (but not exceed in violation of arbitrage

regulations) the interest expense on the debt, while preserving the principal and liquidity of the funds so that they can be used if desired in a future year for recreation buildings.

Capital Planning and the Capital Budget Process

Michael Genito presented a slide show overview of the City of Rye capital planning and budgeting process, noting that the presentation would be made available on the Finance Committee website.

Accepting and Prioritizing Tasks Referred by the City Council

Jono Peters expressed a concern that there may be many major projects that the City Council may be considering forwarding to the Finance Committee for review and/or recommendation. Franklin advised that at this time, he was not aware of any major projects or issues that the Council was considering forwarding to the Finance Committee.

Other Business

Fred Dunn asked if someone could join the Finance Committee as a non-voting member, because there are some individuals he knew who could add great value to the Committee due to their expertise in certain areas. Other Committee members noted that since Finance Committee meetings are open to the public, anyone who may have an interest in participating in the discussions should be encouraged to attend.

George Pratt noted that he knew of someone who added valuable expertise to projects undertaken by the Rye City School District and noted that this may be someone who could assist the City in some of its projects.

The Committee asked Michael Genito to ask the City Planner and other key City staff members if it would be feasible to revisit a fee in lieu of parking, or similar revenue.

Jono Peters asked all committee members to confirm to Michael Genito a few days before each scheduled Finance Committee meeting that they will be attending. At least four Finance Committee members must confirm their attendance or the meeting will be cancelled.

Having no further business, the meeting adjourned at 9:30pm.

Respectfully submitted,

Michael A. Genito